

Decision No. 35455.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Investigation of Gas Utility Schedules,
Rules, Regulations and Contracts, Re-
lating to Sale of Surplus Natural Gas.

Case No. 4591.

BY THE COMMISSION:

FIRST SUPPLEMENTAL ORDER

On November 26, 1941, the Commission issued its Decision No. 34797, in this case, in which certain requirements were set forth in respect to gas service sold on a surplus or dump basis. Since the issuance of that Order, this Nation has entered the World War. Other regulations have likewise been issued by authority of the Federal Government relating to the control of the production, sale and delivery of natural and mixed gases. The requirements for natural gas have increased, especially due to the needs of vital war industries, and the supply available has remained practically unchanged in certain important distribution centers of this State. Because of these conditions and others relating to standby for surplus gas service, it is believed the Commission's Order, hereinabove referred to, should be modified in order to make its requirements more effective and in keeping with present-day requirements. A Federal limitation order on gas⁽¹⁾ recognizes and requires standby fuel installations for new large industrial loads in order that, during periods of gas shortage, such standby may be utilized and thus there may be released that much gas for other vital war requirements.

The State Council of Defense and the Commission have devoted intensive efforts during the past twelve months to a survey of the means of providing adequate natural gas supplies over the critical winter periods so that industrial plants producing war materials will not be shut down. The problem is one of

(1) Limitation Order L-31, to curtail consumption of natural gas, issued by the War Production Board February 16, 1942.

utilizing the supplies of natural gas as they become available in conjunction with the production of oil and adapting these supplies to the extremely seasonal market for natural gas, which generally reaches its peak in the months of January, February and March of each year. The methods of meeting this problem for the coming winter are: (1) for industries using surplus gas to install a dual fuel supply for all services where other fuels may be used interchangeably with natural gas, (2) for utilities to install additional compressor, pipe line and holder facilities, and, (3) for utilities to establish additional underground storage fields so that surplus gas available during the summer months may be saved for usage during the winter months.

These possibilities for improving the gas supply in the State, over the critical periods, must be explored with all vigor at the present time so that constructive action can be taken before the next winter season. Gas users paying the firm rates are entitled to look to the utilities to take all prudent and reasonable steps to increase the supply of gas available to them since the rate which they pay compensates the utility for undertaking this obligation. On the other hand, the user of gas under the surplus schedules has not undertaken to pay such costs and must, if uninterrupted service is desired, be prepared either to install adequate dual fuel supplies or, in lieu thereof, to share the cost which the utilities are now encountering to meet their obligations under the firm rates by transferring to such schedules.

On this basis, this Commission is of the opinion that it is necessary that all customers receiving gas on a surplus basis, subject to shut-off, should be prepared to accept the shut-off upon receipt of shut-off notice by the utility and if conditions now require an uninterrupted service, because of the vital position their plants may occupy in the war program, then a standby installation to utilize an alternate fuel supply is essential. If such customers have not installed an adequate standby by this fall or winter season then, in order to insure continuous and uninterrupted service, such

customers who have not installed standby should be transferred to the appropriate firm gas tariffs.

The Commission views this program as essential and one that can make available the maximum supply of gas with the expenditure of the very least in critical materials. The inherent value of a dual fuel supply to plants producing vital war materials should be clear to all; therefore, good cause appearing,

IT IS HEREBY ORDERED that the second ordering paragraph of the order contained in the Commission's Decision No. 34797 be and hereby is amended to read as follows:

IT IS HEREBY FURTHER ORDERED that each of said gas corporations shall strictly enforce their existing gas shut-off rule or rules except in so far as expressly prohibited by a regulation or order issued under authority of the National Government. If an existing surplus gas customer shall not have available other sources of fuel supply, but shall be entitled by virtue of a regulation or order issued by the National Government to the continuance of uninterrupted gas service, the obligation of the utility to supply gas to such customer under its surplus gas rate schedules shall cease upon the date the utility gives notice that, except for the prohibition contained in such regulation or order of the National Government, it would on that date have shut off the customer's gas service because of an insufficient supply of surplus gas in accordance with the provisions of such gas tariffs on file with the Commission. After the utility shall have given such written notice it shall not render gas service to such customers at the rates provided in its surplus gas schedules unless and until such customers shall first have provided other sources of standby fuel supply, or the consent of this Commission shall first be obtained. In so far as any existing surplus gas service contract entered into by any of said utilities may contain a provision

inconsistent with the action which the utility is required to take under this order, each such contract shall be deemed to be amended and is hereby declared amended or reformed to the extent necessary to permit the utility fully to comply with the terms of this order.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 9th day of June, 1942.

Justus F. Casner
Ray H. Rice
J. P. Smith

Richard R. ...
Commissioners.